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## **Understanding employer engagement in youth labour market policy in the UK**

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## **Understanding employer engagement in youth labour market policy in the UK**

### **Abstract**

This article applies van Gestel and Nyberg's framework (2009) to analyse employers' decisions about whether to engage in policies to help young people into work. The article identifies two main logics underpinning organisational decision making: an HR logic and a Corporate Social Responsibility (CSR) logic. It is argued that engaged employers see a clear alignment in those logics, whereas less engaged employers see few advantages in one, the other, or both areas. When this analysis is located within an institutional context that accounts for the agency of key actors, it is argued these logics explain decisions about whether or not to engage with particular labour market policies.

**Keywords:** institutional theory, apprentice, human resource strategy, vocational education and training, qualitative research methods

### **Introduction**

Young people are a vulnerable group in the labour market. Their vulnerabilities stem from both structural and cyclical changes in labour market demand. In common with many countries, unemployment and underemployment for those under the age of 25 in the UK jumped dramatically in the immediate aftermath of the 2008 financial crisis (Office for National Statistics 2012). Although overall the UK labour market was remarkably resilient during the late 2000s, young people were particularly badly hit by the crisis and their unemployment has been more persistent than for other age groups (UKCES 2015). In 2015, young people aged between 16 and 24 made up only 13% of the UK population, but 40% of all unemployed people (UKCES 2015). The financial crisis and subsequent turbulent economic period exacerbated existing concerns about structural changes in youth labour markets that have had the effect of making young people's transitions from education to work longer, harder and more unstable (Dolphin 2014, Bradley and Devadason 2008).

In response, national, regional and local governments have promoted a range of labour market policies in the effort to encourage employers to recruit and train more young people (Simms 2011). Initiatives have been wide-ranging and the exact focus has often been subject to the particular approach to labour market policy of the three main political parties. Nonetheless, at national level they have included initiatives such as employer subsidies and incentives for recruiting young people, the development and extension of apprenticeship provision, and continued commitment to a 'youth' and 'apprenticeship' national minimum wage substantially lower than the full adult rate. Of these, apprenticeships have been the core of State responses at all levels and by all political parties.

Unlike small and medium sized enterprises, large employers generally have a high awareness of these initiatives (Richard 2012, Tu et al 2014), but there has been relatively low engagement (UKCES 2015). Even before 2008, for example, concerns were being expressed that take-up of apprenticeships was low (Delebarre 2015). Since 2008 there has been a significant policy push to promote apprenticeships, but concern is still evident about the barriers to employer engagement.

A question therefore emerges as to why employer engagement is so low. This has important implications for our understanding of how labour market policies work to create particular outcomes for groups of vulnerable workers, and also reveals important insights into how employers engage in institutions of labour market regulation more generally. The observation that "institutions matter" (Kaufman 2011) is a mantra across many academic disciplines. In management, the seminal work of DiMaggio and Powell (1991) highlighted how deeply embedded organisations and managerial decision making are within their institutional contexts. Within studies of human resource management, this 'institutionalist turn' has been particularly developed by authors such as Meyer and Rowan (1977), Boon et al (2009) and Paauwe and Boselie (2003). This article contributes to these debates in two ways. First, by extending the work of Boon et al (2009) to identify what leads employers to engage with labour market policies such as apprenticeship provision. Second, by showing that employers have agency to shape that institutional context within which they operate.

This extends and develops the importance of institutional fit as a concept to explain the limitations of labour market policies to help vulnerable workers in the UK context.

### **Analytical framework**

Institutions can be understood as enduring social structures and processes that give meaning. In the case of labour markets, institutions can include legal regulations, collective bargaining, and skills development structures. In the field of human resource management, institutional fit is a concept developed in an important paper by Boon et al (2009; 493) and is defined as “the alignment between HRM and the institutional environment.” The authors argue that organisations conform to expectations of stakeholders (government, unions, employees etc.) because it increases their legitimacy and, therefore, their chances of survival. Institutional legitimacy is defined as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman 1995; 574).

Van Gestel and Nyberg (2009) propose an analytical framework to explain how national labour market policies translate into local HR practice at the organisational level. Developing work by Boxenbaum (2006), they identify three dimensions in the translation process: individual preference, strategic reframing and local grounding. Each is important in explaining how local policies reflect the national institutional context and they can be used as a framework to understand how employers respond to the institutional context in which they operate. *Individual preference* emphasises the agency of local actors in interpreting and implementing national policies. Policies can be interpreted in different ways and need to be ‘brought to life’ by the translation into the local setting. Czarniawska and Joerges (1995) show how this process of translation necessarily entails modification and adaption from national policy. However, as in the case of youth employment initiatives in the UK, national policies may not always be compulsory. So local actors not only make choices about how to modify national policies (Clegg et al 2006), but also whether or not to engage in the first place.

*Strategic reframing* refers to the ways in which the organisation's strategic objectives influence the process of engaging with and translating national policies. Van Gestel and Nyberg (2009) importantly point out that in the area of HR policy, instrumental and value-driven rationalities can create competing or complementing logics for how policies translate to local level (Paauwe 2004). Thornton and Ocasio (1999: 804) define institutional logics as 'the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.' The concept of logics helps link the agency exerted in organisational decision making to the wider social and institutional context. Looking for these logics shows how organisations create different translations of national policies. *Local grounding* refers to the necessary process of policies becoming enacted in local practices. As the local practices take on their own meanings and interact with other actors and practices, there are processes of modifying, adapting but also continuing their meanings. Importantly, studies in other areas such as studies of safety (Gheradi and Nicolini 2000) show that as practices are enacted and re-enacted they can become routines and accepted into organisational norms.

This framework is important and is used to present the later empirical sections. However, although the van Gestel and Nyberg framework (2009) gives central attention to the agency of organisations in the downwards translation of national policies into organisational practices, they give no attention to the idea that organisations may have interests in influencing the institutional context itself. This is an important addition to understanding employer engagement in labour market policies.

Institutional theories across academic disciplines have been increasingly engaged in understanding institutional contexts in a dynamic rather than static way (Jackson 2010). This approach has important advantages because it allows for an account of how institutions change, as well as how actors can exercise agency to (attempt to) influence institutions. A particularly helpful contribution here is that of Wailes et al (2003) who outline the value of taking an interest-based view of institutionalism in studies of HRM to explore how actors pursue their interests to different ends. The value of this approach is that it allows us to link

the micro-level organisational processes (Paauwe and Boselie 2003, Boon et al 2009) with macro-level analysis of how institutions shape and are shaped by actors' interests and behaviour.

As stressed by authors such as Suarez and Bromley (2016) interests are understood to be constructed and constituted by the environment. Actors are not understood to have *a priori* interests. Rather, they are what Meyer (1996) calls 'soft actors' or Meyer and Jepperson (2000) call 'rationalised others'. In other words, their interests are socially constructed and fundamentally linked to the external context within which they operate. Rather than simply being understood to be 'rule makers' or 'rule takers', actors and institutions are mutually constitutive of each other (Jackson 2010). Actors can therefore pursue their interests in shaping the institutional context (Wailles et al 2003). Following from this, if there is evidence that employers are seeking to shape labour market institutions then this is an important extension of institutionalist analyses of employer behaviour. It would illustrate not only that 'institutional fit' matters in explaining employer behaviour (Paauwe and Boselie 2003) but also that employers can shape the institutional context.

Armstrong (1986, 1988) unpicks some of the ways in which managerial interests within organisations are contradictory. As a result, it is impossible and largely undesirable to identify a single set of employers' interests. Rather, the underpinning conceptualisation in this article is that competing logics can be empirically identified from which we can infer the basis of competing interests within organisations. In this way, tensions and contradictions within how employers think and behave allow us to 'see' how particular interests are developed, articulated and pursued. This is important in the context of an interest-based institutionalist approach because we can then ask questions about how employers pursue particular interests above others in an effort to shape the labour market institutions within which they operate.

In light of the literature reviewed, this article has two related research objectives. The first is to apply the van Gestel and Nyberg framework (2009) in the UK context to develop an understanding of why employers engage (or not) with voluntary labour market initiatives

such as apprenticeships. The second is to explore whether there is evidence that employers act to influence the institutional context of youth labour market policy. The empirical material shows that the framework is extremely useful for explaining employer behaviour in this context, and that it should be extended to incorporate this more dynamic view of actors' behaviour within an institutional setting.

## **Methodology**

Empirical material was collected in a two-phase research design. The first developed 11 case studies of employers who are particularly engaged in youth employment initiatives, including apprenticeships. These employers were identified because of their involvement with a programme run by a third-sector organisation to help young people aged 11-16 with work-relevant skills. As part of the programme, these high-profile, large employers had all committed to supporting young people into work in a range of ways and had all signed a pledge to work "to be part of the solution, not part of the problem". Table 1 presents descriptive characteristics of participating employers. All had apprenticeship programmes and were involved in other youth labour market initiatives. Telephone interviews were conducted with senior managers with policy responsibility for youth employment initiatives. Interviews took place in late 2012 and early 2013. Generic job titles of interviewees are included in Table 1. Typically interviews lasted between 30 and 60 minutes, were recorded and transcribed. Where it was not possible to record the interview, extensive handwritten notes were made and typed immediately after the interview.

TABLE 1 HERE

The second phase 'matched' these highly engaged employers with similar employers who were known to be less engaged. For each organisation, the core characteristics of sector and size were used to identify a similar employer that was known not to have an apprenticeship programme. Apprenticeships were used as the matching criteria because it is the youth labour market policy that has the widest reach. As anticipated, it was empirically established that lack of involvement in apprenticeships is a proxy for a wider lack of engagement with



these initiatives more generally. The characteristics of the organisations are found in Table 1.

Three notes are important here. First, no matched engineering firm could be found and this reflects a long history of the use of apprenticeships in that sector which, in turn, reflect strong cultures of skills succession planning at firm level driven by long lead times and relatively stable recruitment patterns. A company of a similar size with similar skills requirements was therefore identified as the 'matched pair'. It provides skilled services with strong internal labour markets and relatively few competitors. Secondly, the third less engaged hospitality employer was dropped from this analysis because of issues with the quantity and quality of data available. Thirdly, the focus was on selecting organisations that are aware of these initiatives but *chose* not to engage. Richard (2012) identified a significant issue within small and medium sized enterprises that the knowledge of these initiatives is low. That is undoubtedly a challenge for policy in this area, but is not an immediate empirical puzzle because the reasons for non-engagement are clear. This paper addresses a more complex empirical question which is to explain the differences between engaged and less-engaged organisations even when they are aware of these initiatives. For this reason, the selection of large organisations is not problematic, although it limits the generalizability of the findings.

In total, 83 interviews were held with senior managers in the 20 organisations. Interviews were exploratory and focused first on a descriptive understanding of what the organisation does both formally and informally with regard to recruiting and managing young workers, and then on the reasons behind and consequences of those decisions. The interviews were designed to explore how key decision makers understand the dynamics and challenges around the central themes of a) recruiting and managing young workers in general and b) the engagement (or not) of the organisation in youth labour market initiatives. Interview data was inputted into Nvivo. The data were initially coded into the main themes that had been used to structure the data collection: 1) description of strategies and processes to recruit young workers, 2) rationale(s) for those decisions, 3) engagement with (or not) labour market policies to incentivise recruitment of young workers, and 4) consequences of

those decisions for the organisation. Emergent themes and sub-themes were then identified in addition to these initial codes. These were then clustered into a thematic analysis using van Gestel and Nyberg's framework (2009) with a specific focus on identifying competing employer logics.

### **Understanding employer engagement with youth labour market initiatives**

Using van Gestel and Nyberg's framework (2009) allows insight into the ways that 1) individual preferences, 2) strategic framing and 3) local grounding play out within the organisations and explain why some employers engage with labour market initiatives to help young people and others do not. Using this framework to analyse the interview data, two logics are highlighted: human resource (HR) management logics and corporate social responsibility (CSR) logics.

HR and CSR logics are identified by interviewees to explain the decision to engage or not engage with apprenticeship policy. HR logics are understood as being related to the development of staff, planning for future staffing and skills needs, and similar central concerns of the HR function. CSR logics are identified as relating to the organisation's role within wider society, being seen as a 'good citizen' and the risk of negative publicity from pursuing (or not pursuing) a particular course of action. Van Gestel and Nyberg's framework (2009) facilitates an analysis that illustrates how these logics can reinforce each other. In engaged organisations, the two logics tend to align to create the context where engagement is understood to be an effective way to pursue the employer's interests. In less engaged organisations, these initiatives are understood to be against the employer's interests in one, or the other, or both areas.

Table 2 summarises the qualitative empirical evidence. The intention is to capture the extent and degree to which there is evidence of individual preferences, strategic reframing and local grounding in each of the organisational settings. Each area is discussed to highlight how they are evident in informing the decision of the organisation to engage (or not) with apprenticeships.

TABLE TWO HERE

### *1) Individual preference*

The *commitment of individual managers* was highlighted in almost every interview with engaged employers. When asked why they had chosen to sign up to the initiative, almost all recounted a story about how an individual (often, but not always, them) had been persuaded of the importance through reading an article, having a conversation, or having a pre-existing commitment to the importance of youth employment initiatives. In some cases, these conversations were with training providers who tend to emphasise the potential business case around saving money on learning and development (L&D) activity and other HR concerns. In other situations, it related to a belief that employer-led training is an essential social responsibility and apprenticeships were a mechanism to fulfil that responsibility while also securing some State support. In other words, both HR and CSR logics featured heavily in deciding to engage.

One important role of the champion in the organisations that engage was to overcome and address internal resistance to engagement. One senior manager reported: “It’s always an area where I’ll get a lot of grief. [For] All sorts of things. Why that budget heading doesn’t make a profit. How to persuade line managers. I’ve been persuaded it’s important. But they haven’t always.” (Operations Director, RetailCo2). Almost all of the senior managers in the engaged employers reported this kind of dynamic and reported that the personal commitment of key staff was essential in overcoming that resistance.

Resistance was reported from two main sources: board level and line manager level. Board-level resistance was typically reported to be about the financial aspects. Both CSR and HR arguments were important in addressing these concerns. Although the dynamics were different in each of the organisations, resistance tended to focus on questions about whether too much money was being spent on training, why training was delivered by third party providers, and whether retention rates justified the training expense. The central

difference between engaged and less-engaged employers was that in those that had established apprenticeship programmes and continued with them, the champion was able to address these questions. In less-engaged employers, either there was no champion presenting answers to these questions, or other voices were more powerful in the decision making process.

Unit and line manager resistance took a slightly different form. Here the most pressing concerns related to the additional responsibilities of managing these staff. Although staff pay costs were generally lower (the apprenticeship and youth minimum wage rates are significantly lower than the full adult minimum wage) in many of the organisations line managers were reported as being dissatisfied with the additional managerial expectations and responsibilities. In practice, these ranged from having to oversee relatively complex training plans which were different from those of non-apprentice staff and covering periods where apprentices were not in the workplace because they were receiving off-the-job training. None of these were insurmountable but added a degree of complexity to hiring and managing apprentices which was not always welcomed at unit level. Senior manager champions were therefore important in not only influencing their peers at Board level, but also encouraging the development of apprenticeships at lower levels of the organisation.

This need for a senior leader to champion an initiative such as the development of apprenticeship training programmes is particularly evident because of the requirement to work with an accredited training provider. These are typically either commercial organisations or local colleges that can deliver the off-the-job training required to accredit apprenticeship programmes. Finding an appropriate training provider with which to partner was central to the role of the champion because the risk of a mismatch of cultures and scale of provision.

A similar emphasis on individual champions can be seen in the less-engaged employers. One interviewee in a largely un-engaged employer stressed: “It would have to be me that drove it. And I’m personally just not convinced it’s worth it. We spend money on training and I’m not sure what advantages we’d get from being accredited.” (Learning and Development

Manager, RetailCo4). Here, the HR business case was viewed as not having been demonstrated sufficiently. In this case, CSR logics did not feature. Indeed, a common point among the interviewees in organisations that did not engage was a down-playing or absence of the CSR concerns in the rationalisation of their decision making.

By contrast, at all levels and with all audiences, champions in the engaged organisations drew on both CSR and HR logics to promote the decision to engage and to overcome resistance. Interviewees reported using a wide range of arguments to support engagement. Specific HR logics identified by interviewees included: developing a pipeline of talent, developing and retaining specific skills within the organisation, and identifying and rewarding staff with the potential to move into managerial or higher-level roles. CSR logics included being seen to “do your bit as an employer” (Operations Director, RetailCo2) and being seen to “be part of the solution [to youth unemployment] and not part of the problem” (HR Director, HospitalityCo3). These logics typically develop into a formalised expression of strategic direction of the organisations which is the focus of the following section.

## *2) Strategic reframing*

The decision about whether or not to engage both informed and was informed by the strategic direction of the organisation. EngineeringCo2 is perhaps the most striking example. Here there has been a long history of structured youth apprenticeships that was sustained even during periods where government support for apprenticeship training was, at best, ambivalent. The reasons for this commitment relate to a number of specificities about the sector including: the need for company-specific skills, the development of strong internal labour markets, and the need to plan skills succession years in advance. As a result, the effects of labour market policy around youth employment and skills for these companies is largely to subsidise activities that would be routinely undertaken whether or not government funding was available. This also explains why it proved difficult to identify a case study of a large engineering firm that did not have a youth apprenticeship programme. As the HR Director of a large engineering firm put it: “We’ve got to do this [training and

recruitment] no matter what...the funding is helpful but it wouldn't change the basics of what we do." (HR Director, EngineeringCo2).

This can be contrasted strongly with the retail and hospitality companies. In both of these sectors, the dominant challenge arises from planning for future skills needs at company and sectoral levels. Strong expected future growth and a lack of employees being trained to managerial level mean that there are HR logics that drive engagement with apprenticeship programmes. This current and future skills gap has been central to these companies developing strong internal training programmes. Interestingly, these are sometimes not advertised beyond existing employees. These are sectors that hire large numbers of young people and are popular destinations for first employment from education. For these organisations, labour supply at entry level is rarely a problem. Their concern is retaining employees and developing staff into managerial positions. Structured apprenticeship programmes allow them to develop training that potentially takes successful staff to managerial level in the form of an accredited qualification equivalent to degree-level. Explaining the main strategic challenges in the sector, one Operations Director in the hospitality sector noted: "The problem we have is that they [young employees and potential recruits] don't see it as a career. They have their first job in a pub, but they don't think that they could be earning 50 grand [£50,000] in a few years' time. And nor do their parents." (Operations Director, HospitalityCo1).

However, not all retail and hospitality companies have responded to government initiatives in this way. The four 'matched' employers that are less engaged have clear reasons for this choice. The example of RetailCo4 highlighted above illustrates this. Once staff have demonstrated that they understand and deliver the core values of the organisation, the learning and development team, together with line managers, identify the aspirations of individual employees and seek to develop an internal career and training as appropriate. As the HR Director put it: "Why would we want to accredit that? It's not relevant because once we've recruited them, we don't want them to move on from [RetailCo4]. We don't want to make it easier for them!" (HR Director, RetailCo4).

This is important because it shows very clearly that employers who choose not to engage in government initiatives are not necessarily 'bad' employers. Sometimes the strategic logic of the organisation mitigates against engagement. RetailCo4 has detailed learning and development plans for every member of staff and was happy to show anonymised examples to researchers. They have a clearly articulated HR strategy at corporate, national and unit (store) levels. They are very aware of government initiatives and regularly field calls from both training providers and civil servants trying to persuade them to participate. Their decision not to is articulately defended and makes strong reference to their strategy of wanting to manage these activities without external influence (accreditation and quality process) and wanting to retain the staff they recruit. For them, their HR logics are clearly defined in ways that take them along a different strategic path and lead to non-engagement. The price paid by these organisations is that they cannot draw down government funding to support L&D activities, but this was largely seen as an acceptable trade-off for the autonomy. In this case, then, the organisation's HR strategy clearly informed the decision not to engage. For them, recruitment, learning and development are firmly HR decisions and CSR logics rarely feature.

RetailCo3 is also an interesting case because it shows an example where senior managers had made judgments that there were few or no positive aspects of either the HR case or the CSR case. Here, the organisation had a problematic history of having engaged with a previous government initiative around unemployment. This was not specifically targeted at young people, but was a form of 'workfare' where participants who had been claiming unemployment support for six months or more had been required to undertake a short period of unpaid work experience. This scheme had been targeted by campaigners against workfare and participating employers had been 'named and shamed'. Having had this problematic experience, RetailCo3 saw very little benefit to engaging with other labour market initiatives. In other words, the CSR logic had no strategic leverage within this organisation. In addition, there was a strong, and empirically supported, view that creating apprenticeship schemes would simply generate large numbers of applications from poor quality candidates, meaning that there was little perceived HR logic to engaging. Here, the two

logics combined and meant that this organisation was strongly set against engagement and had a clear strategy to avoid engaging with future initiatives.

These examples highlight how the strategic decisions of these organisations are both informed by and inform the decision as to whether or not to engage with these youth labour market initiatives. Those strategic decisions can be informed by both HR and CSR logics which can reinforce each other to form powerful rationales for engagement or non-engagement.

### *3) Local grounding*

Local grounding refers to the process by which these decisions are performed and reinforced so that they become normal, and sometimes even routine, practices. Again, this is a helpful way in which to understand some of the decisions made. A particularly good example was given by one interviewee who had worked as a senior HR manager in both the UK and Austria succinctly summed up the tensions between HR concerns and CSR concerns: “In Austria, our concern was that if we didn’t take on our fair share of apprentices, it would be bad for business. We would have been known. And named and shamed. In the UK, it’s the opposite. If we take people on, we risk getting labelled a bad employer.” (Senior HR manager, ServicesCo1.) When pushed as to where she saw the potential for reputational damage, she was clear. “There’s a lot of concern about apprenticeship rates [of pay]. I think it’s only a matter of time before unions or campaigns target that. Quality. Completion rates. People are worried about all those things.” This example illustrates how this interviewee believes that there are CSR risks to engaging with these initiatives in the UK. It also shows how these perceptions are seen as ‘norms’ in these different contexts.

This international example is unusual because most of the managers interviewed had little experience of working overseas, even within the multinational organisations. Nonetheless, this process of locally grounding these decisions about whether or not to engage can be seen in most of the organisations. One example is the need to link with an accredited training provider in order to develop apprenticeship provision. This requires an on-going



relationship with that provider. Most case study organisations relied on third party providers (mostly colleges or independent training organisations) for at least some of the off-the-job training, as well as to help to navigate the complex and changing regulations, accreditation and quality assurance. The relationship between the employer and the training provider was routinely reported as being essential in ensuring that apprenticeship programmes was delivered according to the business needs of the organisation.

For engaged employers, this relationship ensured that procedures for hiring, training and managing apprentices are routinized and embedded within organisational procedures because of the need to record and demonstrate practices for accreditation and quality assurance processes. Although the process of being audited for quality purposes was typically seen as a problematic aspect of being accredited to deliver apprenticeship training, it undoubtedly had the effect of pushing organisations to formalise and routinize recruitment, training, progress, and management of young recruits, and sometimes more widely. Through this process, line managers in engaged organisations embedded these practices in day-to-day activities.

This was perhaps most clearly evident in ProfessionalCo2 where recruitment, training and management of support staff was historically more *ad hoc* than for professional staff. Introducing an apprenticeship scheme for support staff meant that “We’ve just had to get more professional at developing them... We have to keep far more records so we can show what they’ve been doing. It’s good. It’s forced office managers to think harder about how they deal with other staff too.” (HR manager, ProfessionalCo2).

One company, EngineeringCo2, had embedded these processes even more strongly by setting up a section of the company which was accredited as a training provider but worked only with them. It was referred to as “The College” and had a designated building within the site where apprentices completed at least the first year of their training. EngineeringCo2 is a large employer, in a geographically isolated location that recruits young people directly from secondary education to develop firm-specific skills. Although they experience a relatively high drop-out rate of around 30% in the early years, the successful apprentices are highly

likely to work for the firm for the majority of their careers. Apprenticeship training was integral to their internal labour market, so having a section of the organisation accredited as a training provider was a logical step to ensuring that firm-specific skills could be delivered by specialists.

The decisions of the less-engaged employers also became locally grounded so as to reinforce their decision not to engage. ConstructionCo2 had taken a strategic decision not to engage informed in large part by the fact that there is a training levy within this sector that is paid by many large employers, including this organisation. The contribution of the employer to the levy reinforced a decision that youth training was not something they wanted to engage with more extensively and this was reported to be widely understood within the organisation. In this case, the logic of having “already done our bit” (Senior manager, ConstructionCo2) was regularly reinforced.

Again, in both engaged and less-engaged employers, the HR and CSR logics can be seen in the process of locally grounding the policies. The example of ProfessionalCo2 above shows how the professionalization and routinisation of HR practices reinforced and was reinforced by the engagement in these initiatives. EngineeringCo2’s College also routinizes training and development. An important role of training providers is to ensure record keeping is accurate and up-to-date for accreditation quality control purposes. These systems locally ground HR policies within the organisations. CSR logics are also visible in the processes of locally grounding these practices. The examples given above of ‘doing our bit’ become norms reinforced by strategic decision making within the organisations. Engaged employers use CSR and HR logics to reinforce each other and push local actors to enact the policies and practices required in apprenticeship training. Less engaged employers either see risks in doing so, or see conflicts in the competing logics.

### **Employers as actors within institutions**

The previous sections have applied van Gestel and Nyberg’s (2009) framework and extended it by identifying two logics that explain employer engagement, or not, with these

labour market initiatives: HR and CSR logics. This is useful because it shows how important it is to explain and understand employer behaviour in the context of the institutions within which they operate. However, a centrally important argument of this article is that employers are not simply passive with regard to their external institutional context; they can seek to influence that context.

Concerns over the structure and running of apprenticeship programmes and incentives to hire young people were widespread, even in the organisations that engaged. Specifically, concerns related to the complexity of these programmes, regulation over the design and award of apprenticeship qualifications, and the requirement to work with an accredited training provider to meet quality assurance standards. Quality assurance of apprenticeship training sits within the remit of the education quality watchdog, Ofsted, which requires employing organisations and training providers to demonstrate they meet national quality standards. These aspects of these initiatives were both problematic for employers who engage with them and off-putting for organisations who were not engaged because of the perception (often correct) that they detracted from the core HR logic of the business.

One senior manager in a large employer that is considered a lead organisation in promoting apprenticeships stressed that the institutional structure of apprenticeship training was leading the company to reconsider its future engagement. He said: “The problem is that it’s difficult to get buy-in. It’s difficult to explain to the Board why we need to be Ofsted-ed for something that we would be doing anyway. We’re reassessing whether it’s worth it going forward. Would we be better off just bringing it [training] all in-house?” (Operations Director, HospitalityCo2). Here both the CSR and HR logics are being eroded within the organisation. In response, this interviewee had given evidence to several evaluations and reports of apprenticeship policies, emphasising that, for them, it was important that the CSR logic of “doing the right thing” (Operations Director, HospitalityCo2) did not dominate policy assumptions, and that policy development also paid close attention to the practical implementation of the initiatives.

The interviews revealed that many employers did understand themselves as having some agency in shaping the institutional context. For example, the Operations Director of HospitalityCo3 made clear their involvement in shaping the form of apprenticeship provision: “We’ve been involved in the design [of apprenticeships] process. Some of the learnings have come straight from us...Risk management of [young people] under 18s [in a licenced workplace]. That’s a good example.” In this case, the HR logic of running the programme to develop skills brought risk and potential for reputational damage. Ensuring there were effective mechanisms to manage that risk were effectively integrated into national training standards. By articulating this CSR logic within policy consultations, HospitalityCo3 sought to help other employers integrate CSR and HR logics.

These two employers show not only that they *believe* they have a degree of agency, but that their views are actively being sought by policy makers and others. Their experiences were quite widely echoed, especially among engaged employers. In some cases, employers had been contacted through sectoral or local networks and asked for their views about their experiences with particular aspects. This was evident in the decision in 2015 to develop apprenticeship ‘trailblazers’ which are groups of employers who work together to design new apprenticeship standards for their sector. Indeed, the emphasis on employers as having agency in developing these institutional structures was clearly laid out in the government document *English Apprenticeships: Our 2020 vision* which opened with the statement “Nobody understands the skills employers need better than the employers themselves. That is why we are placing them in the driving seat.” (BIS 2013). This idea of the ‘employer ownership of skills’ (UKCES 2011) has become central to the principles of developing the institutional context in this area of labour market policy.

The point that employers have agency in shaping the institutional context is an important extension of the idea of institutional fit within our understanding of HR theory and practice. It gives a more dynamic view of the interaction between employers and their institutional context, extending work of authors such as Paauwe and Boselie (2003). Importantly, it also emphasises that employers pursue their interests to influence the form and functioning of

institutions of labour market regulation, even where the underpinning logics are multiple and complex.

### **Discussion: competing logics and employer agency**

This article has explained decisions by employers about whether they engage with voluntary labour market policies around youth employment and training. Since the late 1990s, there has been a notable turn towards institutionalist analyses of HR strategic decision making (Purcell 1999, Paauwe and Boselie 2003, Boon et al 2009). The evidence here uses the framework proposed by van Gestel and Nyberg (2009) to show how individual preferences, strategic reframing and local grounding work to inform and embed employers' decisions. Particularly significant factors explaining engagement are the presence of a champion within the organisation, a strong fit with the organisation's strategic direction, and processes that routinize and professionalise training delivery at local level. This is an important extension of the use of this framework to a setting where the choice about whether to engage with these labour market policies is voluntary as previous studies using this framework have sought to explain how engagement with compulsory labour market policies is enacted at local level.

Extending this, the analysis identified the logics that inform those decisions. Two logics were identified that actors draw on when explaining decisions to engage (or not) with initiatives to help young people into work: HR and CSR logics. In some organisations, these combine to create a situation in which engagement with apprenticeships is argued to be valuable for the organisation. These engaged organisations see the HR benefits of engagement as relating to developing a skills and talent pipeline as well as drawing down government funds for training. CSR logics relate to a view that engagement is socially valuable or necessary to be regarded as a 'good employer'. By contrast, employers that chose not to engage with apprenticeships explained there to be an absence of HR logics, CSR logics, or both. This identification of two related, but discreet, logics is important because from it, we can infer that there is not a simple conceptualisation of the interests of these actors within institutional settings (Armstrong 1986, 1988, Meyer 1996). Rather, employers' interests in

this realm - as in others - are complex, contradictory and overlapping. The evidence indicates that only where the HR and CSR logics work together is there enough momentum to engage.

The empirical evidence also shows how employers both respond to and try to influence the institutional context; here labour market policies around apprenticeships. The van Gestel and Nyberg (2009) framework is important in identifying factors and processes that explain engagement and non-engagement, but it is also evident that some employers understand themselves as being able to shape the policy context. The logics that can be identified in explaining engagement can also be seen in work undertaken by employers to affect the institutional context. By drawing on the interplay between actors and institutions, we can identify a more dynamic view of the 'institutionalist turn' in HR analyses (Wailes et al 2003).

Following the insight that there are multiple and contested logics for employers' actions in this area, it is unlikely that we could ever identify a single common interest of employers as they seek to influence the policy context. Nonetheless, an interest-based institutionalist approach is helpful as it encourages attention on the dynamic interaction between actors and institutions (Wailes et al 2003). This article has shown how employers are both influenced by and seek to influence the institutional context with regard to initiatives to help young people into work. We see that HR and CSR logics are consistent in these processes. This is an important development of arguments about institutional fit between HRM and the wider institutional context (Boon et al, 2009). It emphasises the dynamic interaction between employers and the wider institutional context showing not only how employers make decisions about whether to engage, but also that they seek pursue their multiple interests to shape those institutions. The central argument is therefore to highlight the internal dynamics of decision making within organisations, the external dynamics of the institutional setting, and how they interact to explain employer behaviour. This extends existing analyses that have developed within HRM that emphasise the importance of institutional contexts on managerial decision making (Paauwe and Boselie 2003). This approach may prove to be a fruitful future avenue of analysis as it also prompts us to explore in more detail the ways that employers use their agency in *shaping* the institutional

context through, for example, bringing pressure to create systems of apprenticeship training that suit their interests.

## **Conclusions**

This article set out to compare employers that are engaged with initiatives to help young people into work, with those that do not engage. This is important because it helps understand the constraints and limitations of labour market policy and how employers act when confronted with a wide range of pressures towards contradictory objectives. Importantly it also has the potential to inform discussions about why uptake of policies to help young people as a disadvantaged group are so patchy even where employer knowledge of these initiatives is high and where there are financial incentives in place to help fund employer training.

The empirical contribution of the paper has been to identify two, sometimes competing, logics that explain employer actions in this regard: interests around human resources (the relative costs and benefits of recruiting appropriate staff, developing needed skills etc.) and corporate social responsibility interests (being seen to be good corporate citizens, reputational risk etc.) The case studies illustrate that employers engaged in these initiatives explain that they see CSR and HR logics as reinforcing each other. In short, for them, developing an apprenticeship programme allows them both to develop the skills they require and promote their corporate social responsibility. Employers that are less engaged tend to see tensions between the costs and benefits within these two logics. Typically, they see these programmes as either bringing complexity – and therefore costs – to what is usually a routine activity of hiring and training, and/or they are concerned for reputational risk. This empirical contribution allows us to better understand the pressures on employers as they make HR decisions as centrally important actors within labour market policy making and implementation.

Interest-based institutionalism is used as a way to understand the behaviour of employers as actors within broader labour market institutions and focus attention of how they pursue

their interests. This is a helpful lens through which to examine this question because it focuses attention on both the structural pressures and the constraints on employer action, while also acknowledging that employing organisations have agency within labour markets and can, and do, behave accordingly. We see that CSR and HR logics are also important in framing employers' interventions in policy. Some employers are keen to develop policy in a direction that allows other employers to integrate CSR and HR logics. While others emphasise that policy initiatives cannot simply draw on the CSR logic of expecting employers to 'do the right thing'. In short, the policy context must recognise that both need to come together to facilitate engagement.

These findings have important implications for wider policy initiatives intended to help other groups of vulnerable workers into employment. Policies that draw primarily on expectations that employers will engage because it is the 'right thing to do' (CSR logic) are likely to be weaker than those that also offer clear HR benefits to the organisation. This article also strongly suggests that policy makers need to acknowledge that employers are important actors within the policy context. It therefore seems likely that policies developed through active employer engagement would result in wider uptake.



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**Table 1 – Research sites**

	<b>Apprenticeships<sup>1</sup></b>	<b>Key objectives of engagement</b>	<b>Planning for future skills needs</b>	<b>Engagement in other youth initiatives? <sup>2</sup></b>	<b>Interviewees</b>
<b>ENGAGED</b>					
RetailCo1	Yes – medium intake (40+ pa)	Retention and need for management capacity	Strong internal labour markets for retention	No	HR Director Operations Director Unit manager x 2
RetailCo2	Yes – small intake (10 pa)	Retention and need for management capacity	Strong internal labour markets for retention	Yes – work programme	UK HR Director Learning and Development specialist Operations Director Unit manager x 3
HospitalityCo1	Yes – large intake (100+ pa)	Retention and need for management capacity	Strong internal labour markets for retention	Yes – structured work experience	Operations Director HR Director Learning and Development specialist Unit manager x 3
HospitalityCo2	Yes – large intake (100+ pa)	Retention and need for management capacity	Strong internal labour markets for retention	Yes – pre-apprenticeship traineeships	Operations Director Brand Director Apprenticeship lead Unit manager x 2
HospitalityCo3	Yes – large intake (100+ pa)	Retention and need for management capacity	Strong internal labour markets for retention	Yes – pre-apprenticeship traineeships	HR Director Unit manager x 3

<sup>1</sup> Approximate annual intake classified: 0-10 = small, 11-50 = medium, 50+ = large

<sup>2</sup> Except ad hoc work experience

PublicSector1	Yes – small intake (<10 pa)	Recruitment freeze and downsizing	Strong internal labour markets	Yes – work programme	HR Director Learning and Training lead Local (unit) manager x 2
EngineeringCo1	Yes – medium intake (40-50 pa)	Apprenticeship as ‘norm’	Strong internal labour markets – firm specific skills	Yes – pre-apprenticeship traineeships	HR Director Head of Apprenticeship College Line manager x 2
EngineeringCo2	Yes – large intake (~90 pa)	Apprenticeship as ‘norm’	Strong internal labour markets – firm specific skills	Yes – paid internships	HR Director Learning and Training Lead Line manager x 1
ProfessionalCo1	Yes – medium intake (40 pa)	Concern about narrowing of access to profession	Strong internal labour markets but also strong outflow after training	No	HR Director Professional body – lead for training policy Learning specialist Line manager x 3
ProfessionalCo2	Yes – small intake (<10 pa)	Focus on developing skills for support staff	Weak internal labour markets for support staff	No	HR Director Training manager Line manager x 3
ConstructionCo1	Yes – small intake (10 pa)	Sectoral training norms for large employers	Weak internal labour markets	No	Apprenticeship lead Line manager x 2
	<b>Apprenticeships?</b>	<b>Key reasons for not engaging</b>	<b>Planning for future skills need</b>	<b>Engagement in other youth initiatives?</b>	
<b>LESS ENGAGED</b>					
RetailCo3	No	Bad experiences with other programmes Costs and complexity	Strong internal labour markets but not qualifications focused	In the past – not currently	HR Director Learning and training specialist

					Unit manager x 2
RetailCo4	No programme – but 1 from highly disadvantaged background	Little interest in developing transferable/accredited skills	Strong internal labour markets but not qualifications focused	No	UK HR Director Learning and development specialist Unit manager x 3
HospitalityCo4	No	Cost and complexity	Weak internal labour markets	No	HR Director Unit manager x 2
HospitalityCo5	No	Problematic experiences with apprenticeship training provider Cost and complexity	Relatively strong internal labour markets, but ‘poaches’ from sector	No	Senior HR manager Learning and Development specialist Unit manager x 3
PublicSector2	No	Strong existing training and entry structures	Extremely strong internal labour markets, but not qualification focused	No	Operations Director Training specialist Line manager x 2
ServicesCo1	No – although considering developing	Perceptions of bureaucracy	Strong L&D systems to ensure skills planning	No	Senior HR manager with apprenticeship lead Unit manager x 2
Professional3	No	Seen as not relevant to the sector – even for support staff	Strong emphasis on graduate recruitment then internal training.	Paid internships (2 months) for students and recent graduates	Learning and Development specialist Line manager x 2
Professional4	No	Some interest, but concerns about cost and complexity	Strong emphasis on graduate recruitment then internal training	Paid internships (3 months) for students	HR Director Training manager Line manager x 1
ConstructionCo2	No – although subcontractors may have	Cost and complexity	Training levy within the sector – active within sector skills development plans	No	Apprenticeship lead Line manager x 2





**Table 2**

	Individual preferences	Strategic reframing		Local grounding
<b>ENGAGED</b>	Senior champion(s) influencing Board and cascading policy and practice	HR logics used to explain engagement	CSR logics used to explain engagement	Evidence that engagement is embedded at unit/line manager level
RetailCo1	√	++	++	+
RetailCo2	√	++	++	+
HospitalityCo1	√	++	+++	++
HospitalityCo2	√	++	++	++
HospitalityCo3	√	++	++	+
PublicSector1	√	+	+	+
EngineeringCo1	√	+++	+	+++
EngineeringCo2	√	+++	+	+++
ProfessionalCo1	√	+	+	+
ProfessionalCo2	√	+	+	+
ConstructionCo1	√	++	+	+
<b>LESS ENGAGED</b>		HR logics used to explain non-engagement	CSR logics used to explain non-engagement	Evidence that non-engagement is embedded at unit/line manager level
RetailCo3	X	---	---	--
RetailCo4	X	---	-	--
ServicesCo1	X	-	--	-
HospitalityCo4	X	-	--	-
HospitalityCo5	X	-	-	-
PublicSector2	X	---	N/A	-
Professional3	X	---	-	--
Professional4	X	--	-	--
ConstructionCo2	X	---	N/A	---

